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Response to the Inspector General  
Survey Report as Related to the Position  
Management and Classification Functions  
of the Office of Personnel

1. Introduction

a. The Agency's position management and classification function is sufficiently important to warrant a separate response and specific recommendations by the Office of Personnel.

b. The position management and classification function of CIA, other Federal agencies and organizations in private industry is acknowledged by managerial "experts" as one of the most vital and significant elements of any large and complex organization's personnel function that permits top management of an organization to translate raw personnel ceiling and manpower budgetary allocations into organizational and graded position structures as a basis for the recruitment, assignment, retention, and promotion of the workforce to accomplish the missions of the Agency. Inherent in the position management and classification program is the need to maintain pay equity for comparable positions throughout the total organization, reasonable comparability with similar jobs outside the organization (to assure competitive status in the recruitment of qualified applicants and the retention of the onboard workforce), permit Agency control over average grade levels and preclude unjustifiable upward creep in payroll costs. It is essential that a centralized control mechanism be maintained overseeing and fulfilling Agency position management and classification functions so as to provide the Director with an effective means to carry out his responsibilities in this vital area of Agency management.

c. We believe that the Inspector General team was seriously limited in terms of the time available to research fully such a technically complicated professional function and, therefore, based many of their conclusions on "customer" reactions, some quite valid but many quite superficial and parochial. Nevertheless, the IG team did explore the PMCD function and developed a number of conclusions and recommendations worthy of consideration and action.

2. Background

a. One of the dynamic factors central to the evolving scope and structure of the Federal Compensation System has been the changing nature of the workforce needed by the Federal Government to perform its mission. The growing complexity of the Federal mission has led to a parallel growth in the variety of skills required in the Federal workforce, as reflected in the great number of distinct occupations and jobs found today in the Federal Government. It is the task of the classification and pay system to keep pace with these developments in order to establish fair and equitable salary distinctions among the

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myriad occupations and jobs in the Federal service. The need to establish and maintain this appropriate internal alignment of pay rates within the Federal service has been a continuing problem for Congress and the Executive Branch.

b. Over the years, the Federal compensation system has developed from a simple, almost ad hoc, process to the current highly structured and intricate system. According to legislation passed by Congress in 1795, agency heads could use their own discretion to determine how many clerks to hire and how much to pay them, provided that the agencies did not exceed either their appropriations for salaries or the maximum salaries established by Congress. From 1818 to 1830, Congress used what came to be called the "Statutory Role" system of appropriating money for Federal salaries. A specific number of clerks was allocated to each agency, and a ceiling was placed on salaries paid to "principal clerks." Such wide discretion on the part of agency heads to manipulate salaries was the seed of inequity in Federal salaries, not only among but within agencies. With the growth of Federal service and proliferation of agencies, Federal employees began voicing concern about the lack of systematic internal alignment in the Federal service. For almost a hundred years, Congress recognized the need for some means of attaining this goal but it was not until the Classification Act of 1923 that Congress established a formal policy of systematic internal alignment. Such a policy was expressed in that Act as requiring "equal pay for equal work" for all employees subject to the Act. This policy was reaffirmed in the Classification Act of 1949 which created the present General Schedule (GS) system. Although CIA was exempted from the Classification Act of 1949, the Agency is on record that it would follow the basic philosophy and principles of the Act.

c. During the past eighteen months there have been voiced a number of additional concerns regarding the rising costs of Federal compensation and particular concern over the escalation of position grade levels. Emphasis toward curbing this escalation is focusing an increased centralization of responsibility with top Agency management. In early 1975, President Ford expressed his concern over rising personnel costs and asked the help of heads of Departments and Agencies in slowing the upward trend. CIA's support for these efforts was reaffirmed in May 1975 in a letter from Director William E. Colby to the Director of OMB in which the Agency's scheduled position management and classification surveys were listed as a significant means of insuring maximum efficiency and economy in the use of personnel. The Civil Service Commission, in its "Report to the President on Cost Reduction Initiatives in Personnel Management" in November 1975, listed position management and classification as one of the areas offering significant cost reduction opportunities. Additionally, the Comptroller General submitted a "Report to Congress" in December 1975 expressing in the strongest terms that the classification of Federal white-collar jobs should be better controlled. Specifically, the report stated that "Maintaining the integrity of the classification system is agency management's direct responsibility. But some manager's attitudes are not conducive to

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making the classification process work: managers have inflated position descriptions, pressured classifiers to overgrade positions and have been reluctant to downgrade overgraded positions," and "because of some agencies' weak controls and pressures exerted on classification, the problem warrants considerably more management attention." Finally, the recent institution of a new Senate Oversight Committee on Intelligence makes it imperative that the Director be supported and protected by a strong personnel management system assuring maximum effectiveness in the manpower resources area.

### 3. General

a. The IG Report identified many of the problems encountered in the current operation of PMCD's position management and classification program. As noted in the IG Report, PMCD has recognized these problems and has been taking a number of corrective measures to improve PMCD staffing and develop clearer, more precise position standards and evaluation systems. Unfortunately, the IG Report contained what we consider to be a number of misconceptions concerning the operations, methodology, and goals of PMCD's position management and classification program. The Report relies heavily on Agency component customer reaction and interpretation of PMCD's program, and it is possible that this factor led to many of the apparent inconsistencies and misunderstandings which we find in the Report. The lack of a clear definition of authorities and an appeal and enforcement system identified in the Report are certainly valid and critical elements relating to the improvement of performance of the program. However, the recommendations and conclusions made by the IG in its Report do not fully address the resolution of these problem areas within the context of job/pay equality.

b. As cited in the IG Report, there is a fundamental requirement to establish and maintain an Agency job/pay equality system, and PMCD is now the heart of the Agency system which represents to OMB and CSC an active, demonstrable effort to enforce CIA's policy of general conformance to the concepts and principles of the Classification Act of 1949. PMCD performs these functions through a program which includes a combination of periodic entire component surveys; surveys and reviews of component partial reorganizations as required; and individual position reviews requested by components. All of these methods involve similar elements of evaluation such as comparisons with established CSC and Agency standards, comparisons with other organizations and positions within the Agency, and comparisons with organizations and positions in other Government agencies and, in some cases, private industry. Since the Agency is committed to follow the basic philosophy and principles of the Classification Act of 1949, any departure from these norms would make the Agency vulnerable to external questions concerning the validity and equity of its position and pay structure.

c. Although CSC position standards are utilized as an integral part of the Agency classification system, PMCD has long recognized that these standards cannot be applied rigidly in evaluating Agency positions. The mission of the Agency and the environment in which it

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operates necessitate the consideration of unique functions in many CIA positions that are not found in positions elsewhere in Government. Because of this, PMCD has used the CSC standards only as general guidelines in evaluating occupations and positions according to such factors as the skills, knowledges, and responsibilities incorporated at various grade levels, and as a basis from which to evaluate the additional unique functions found in many Agency positions. In addition to these general guidelines, position audits are conducted to clarify the specific responsibilities, functions and peculiarities of the positions being reviewed, as well as the incumbent's involvement in the component's programs. Position evaluations based on comparisons without detailed knowledge of the functions, responsibilities, and program involvement would result in a superficial and unacceptable allocation by title and pattern.

d. The classification of positions cannot involve merely the review of the specific position in question without some understanding of its relation to other positions within the organization in which it functions. Many organizations can effectively utilize the traditional hierarchial structure, while others can more effectively utilize a less structured or team concept. The type, level, and fluctuations of workload requirements must be considered to insure that the position allocations not only meet the principles of proper job/pay equality, but are also responsive to the needs of the organization concerned. Because the methodology of PMCD's position management and classification program incorporates all of these factors in the allocation process, it is difficult to understand the IG comment that "PMCD considers only hierarchial organizational structures, makes position comparisons by title and grade rather than by specific factors and responsibilities, and does not consider workloads when recommending professional-to-clerical ratios." It is precisely the manager's constant need to restructure his resources and adapt positions to the talents of available personnel that underlies the basic function of position management and classification as performed by PMCD. For these reasons, the role of PMCD has for several years included not only classifying, or pricing positions, but also the function of position management which incorporates considerations of organizational structure and position relationships.

e. An important part of PMCD's position management and classification program is the periodic survey program instituted approximately five years ago. This program was designed to include a complete organizational and position review of each Agency component by PMCD once every three years. It was instituted to address many of the areas in which the IG noted component criticisms and does in fact provide feedback to component management concerning the overall structure and organization of the component. This feedback usually involves comments regarding under-utilized manpower, duplication of work effort, unclear supervisory channels and other related items. It is provided with the full recognition that it is the manager's prerogative to accept or reject the organizational and management related recommendations.

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Such recommendations, however, are based on total component survey audits in which the employees themselves have provided much of the information concerning the problem areas. The conduct of these surveys, either in terms of evaluating position levels and structures or in terms of providing feedback to management concerning apparent organizational anomalies, is entirely within the capabilities of a professionally trained GS-12 or GS-13 Position Management Officer who functions as a specialist in evaluating positions and position structures.

f. Criticisms relating to the delays in obtaining and completing PMCD reviews are valid in many cases. In terms of workload, the Position Management Officers in PMCD are presently responsible for approximately three times the number of positions handled by classifiers in most other Government organizations. This workload has been further compounded by the need to allocate considerable time and resources to develop an Agency variation of the new Federal Factor Evaluation system. Additionally the unexpected and extensive revisions of the Federal guidelines and rules for implementation of the Fair Labor Standards Act imposed severe workload pressures on the Division. To meet these problems, PMCD has increased its staffing through the recent assignment of several trainees and is attempting to retaylor its component survey program to reduce the number of surveys to those in particularly critical areas.

g. In addition to these suggested areas of possible improvement in the current position management and classification program in the Agency, the IG Report has validly identified several fundamental issues which greatly impact on the effectiveness of the program. The issues of unclear control authorities, and the need for an effective formal appeal and enforcement system, have a direct bearing on PMCD's effectiveness, and therefore on the Agency's position management and classification program. However, the IG recommendation that these issues be resolved by delegating to Deputy Directors the authority to establish positions and to hear and decide classification appeals would likely result in a large sacrifice of position/grade equality and overall program quality. In addition to a loss of equity, experience has shown that a decentralized system usually requires greater manpower to accomplish the same tasks than would a centralized system. Decentralized classification systems have already been tried in the State Department and other Governmental organizations with distressing results. The State Department's experiment with decentralized classification is particularly worth noting, as summarized in a Department of State Newsletter (May 73):

"The Department is implementing recommendations that resulted from a worldwide classification study of all Foreign Service officer positions.

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This study, which is the outgrowth of Management Reform Recommendations and work of Task Force 1 in September-October 1970, has sought to establish a valid position classification structure for the Foreign Service. All officer positions, regardless of their location (U.S. or abroad) and pay plan (FSO, FSR, FSRU, FSSO), were individually reviewed by a professional staff of classification analysts to determine their appropriate level.

To recount briefly the reasons for this study, it will be recalled that from June 1962 until February 1971 position classification authority was delegated to major organizations of the Department.

A general escalation of grade/class levels took place during this period. This is attributable to several causes, primarily (a) pressures by management within the bureaus, (b) in some cases, the inexperience of the personnel technician responsible for position classification, (c) a tendency to project future programs or shifts in program emphasis which later failed to materialize, and/or (d) the competition between the bureaus to obtain and retain the best qualified officers which sometimes involved placing artificially higher grades on positions to induce an officer to take an assignment."

"The following illustrates the overall changes resulting from this study:

FSO - 1 and 2	Reduced by 23%
FSO - 3	Reduced by 6%"

To insure that the Agency is not subject to such criticism, the principle of equal pay for equal work must be assured. Such equity must be maintained not only within individual components, but also within the Agency as a whole with an additional relationship to Government-wide pay patterns. Unfortunately, experiments with decentralized classification have demonstrated that managers are much too close to their programs and their personnel to maintain an objective approach to classification. The results generally have been the creation of disparities and a massive escalation in grade levels followed by a return to a centralized classification system in those cases where position classification systems were subsequently audited by an authoritative and objective body. The damage is not easily or quickly corrected, however. Nevertheless, there is indeed a critical need for more direct participation and substantive contributions by operating component

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representatives, clearly defined authorities, and the institution of a definitive appeal and enforcement system in the Agency. Although it has been stated that appeal mechanisms outside the Directorate involved would be unworkable because of the lack of subject expertise of the appeal body, such a system under the Executive Director was successful in the 1960's and similar mechanisms are broadly and satisfactorily applied in other areas of our society such as those involving judges and arbitrators where the prime requirement is the weighing of the presentations of opposing substantive experts. There is no reason to believe that it could not again work in Agency classification.

4. Specific Response to IG Introductory Remarks Concerning PMCD (Tab G)

a. Page G-3, para 4d.

"PMCD's contributions toward establishing and monitoring job/pay equity are relatively ineffective at grades GS-14 and above . . . its downgrading recommendations sometimes restrict future headroom but have little effect in the sense of causing transfers or demotions of incumbents. As one senior manager puts it, the outcome depends on how well the Office 'snows' PMCD."

Comment:

Concern for establishing appropriate and equitable position grade levels must be a joint responsibility of component managers and PMCD. It is not PMCD's intent to cause a demotion nor require the transfer of incumbents when positions are downgraded. The flexibility of the Agency's staffing system (flexible positions, PRA's etc.) could easily preclude such results in any event. The PMCD objective is to properly grade each position; in terms of managing the Agency's resources, there is reason to expect that managers should have the same objective. The phrase 'how well the Office 'snows' PMCD' implies that managers do not want positions properly graded.

b. Page G-4, para 5.

". . . it is important to note that upward grade creep in CIA is not significantly different from that experienced in most other Federal agencies."

Comment:

A more dramatic and costly increase in the position grade pattern of the Agency has not been experienced only as a result of continuous and positive monitoring by the Office of Personnel whereby

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unjustifiable increases in position grades have not been authorized. In recent months, the President, the Director of OMB and the Comptroller General of the United States have expressed concern over the need for Agency top management to institute measures to reduce the escalation of manpower costs and can be expected to take direct action if the upward grade creep is not contained. Some time ago the Secretary of the Navy decentralized authority to Navy and Marine commands for position classification of civilian positions at the grade GS-15 level. In July 1975, Navy withdrew this delegation of authority because of the unjustified continual increase in the number of positions graded at the GS-15 level. In 1973, the Department of State discontinued its decentralized classification system when internal audits confirmed massive escalation in the number of FSO-1 and FSO-2 positions. From June 74 to June 75, the Agency's position average grade increased from 10.53 to 10.58, an increase of 1/20 of a grade point. Using the current base salary figures for grades GS-10 and GS-11, this increase represents a potential annual salary cost of over \$1,000,000. In terms of a full grade point increase, the additional annual cost in terms of current salary levels would escalate to more than \$20,000,000.

c. Pages G-5 through G-7, paras 6, 7 and 9.

"Agency managers . . . allege that PMCD personnel do not understand Agency functions and positions, much less their importance and uniqueness, and insist on using Civil Service standards of position classification which many think are not applicable to the Agency."

"CIA follows the Civil Service wage and grade structure, but the dynamic nature of the Agency's unique role has resulted in management innovations which are not typical of the Civil Service tradition."

"In reviewing a number of PMCD surveys, we find some validity to the frequently voiced assertion that PMCD bases its judgment too closely on Civil Service precepts . . . It goes to some lengths to correlate CIA positions (which are frequently unique to CIA) with positions elsewhere in the Government, e.g., an NSA journeyman computer programmer is a GS-12; therefore, a CIA programmer, who may in actuality work with a much more complex system and set of problems, should be comparably graded. We find many examples where PMCD used comparisons which we judge to be invalid, e.g., we do not think a DCD contact officer should be compared with a DDO case officer to establish grade equity."

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Comment:

While we recognize the need to continuously strive to improve our knowledge and understanding, we do not agree with the allegation that PMCD does not understand Agency functions and positions. Regardless of the classifier's level of experience or the extent of prior knowledge of a component, he can call upon the knowledge and experience of a number of other PMCD officers who have previously surveyed the component, and he also has at his disposal a wealth of previously acquired mission and function data together with specific position information which is maintained by PMCD relative to the particular component. There is little chance that the PMCD officer, in conducting a complete component survey, will not have a clear understanding of the component's mission and functions.

PMCD does not rely on CSC standards for allocating positions. Although PMCD utilizes CSC standards and external comparisons as applicable, grade allocations in general are made on the basis of comparisons with other positions within the CIA. If, in fact, PMCD evaluated positions strictly by CSC standards, many of the Agency's positions would be found to be overgraded by one to three grades. By the same token, it is doubtful that GAO auditors would accept the view that standards which apply to nearly 2 million civil employees have little or no application to [ ] employees in CIA. While there are positions and functions in the Agency which are unique to the Federal structure, the uniqueness is not all-encompassing of all positions and functions.

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The Office of Personnel recognizes the value and need for greater substantive participation by representatives for the operating components in the position classification function and strongly recommends formal representation, both as rotating members of the PMCD team organization and within the component under classification survey. The validity of judgments in position grade adjudication actions can only be enhanced by such direct participation.

d. Page G-7, para 8.

"There is an inherent incompatibility between PMCD's preoccupation with fixed, unchanging positions and managers' preoccupations with adjusting positions to fit changing people."

Comment:

The inherent nature of the PMCD function precludes preoccupation with fixed, unchanging positions. Indeed, one of the primary objectives in conducting position management and classification surveys is that of determining whether position duties and responsibilities have changed and making any necessary adjustments in the position grades (upward or downward) to maintain grade equity within the Agency.

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e. Page G-8, para 10.

"We feel there is some confusion in PMCD as to its appropriate role, i.e., whether to ensure job/pay equity or to control the rise in average grade and the like."

Comment:

The primary orientation of PMCD in its classification role is to objectively evaluate positions so as to establish proper position/grade structures and levels throughout the Agency. The Agency's average position grade limitations, like authorized ceiling, is a reality externally imposed by OMB and must be considered in the classification process. We do not feel that job/pay equity and control of average grade are contradictory concepts.

f. Page G-10, para 14.

". . . Prior to the initiation of the OIG survey, [ ] a retired employee, was given a contract to conduct a study of PMCD and to make recommendations designed to improve position management and classification in CIA. The Inspection Team found [ ] study of considerable value in its own deliberations."

Comment:

Prior to the recent Inspector General survey, the Agency's position management and classification function, historically a centralized responsibility and authority of the Director of Personnel, had been the subject of an extensive and in-depth study (Report of Survey by [ ] dated September 1975). The primary purpose of this study was to determine the feasibility of some decentralization of responsibility and authority for these important and essential functions to the Deputy Directors. The IG's statement as presented could lead to the impression that the conclusions and recommendations contained in the [ ] Report" paralleled those put forward by the Inspector General. Nothing could be further from fact. Entirely opposite conclusions on centralization were reached in the two surveys.

g. Pages G-11 and G-12, para 17.

"We suggest that the [PMCD] permanent staff be given periodic personnel officer rotational assignments to other Agency components (perhaps two or three during a career) to obtain a different perspective and to gain more experience with the problems of other components."

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Comment:

Approximately 70% of the current PMCD staff has served in other Agency components for one or more tours and more than one-third have served tours overseas. The Office of Personnel (as stated before) strongly recommends augmentation of the regular PMCD staff by rotations of substantive career officers from each of the Directorates.

h. Pages G-12 and G-13, paras 18 and 19,

"Some managers argue for decentralized position management and classification. They suggest that professional job classifiers be assigned to Directorates, or even to large components, and that job classification be done wholly within such units. They feel that existing constraints on numbers of positions, senior slots and average grade are adequate to prevent empire building and that, within these constraints, they are best able to decide how to organize their components and assign grade values to positions."

"Such a decentralized system is in effect at the Energy Research and Development Administration (ERDA) and it reportedly works effectively. However ERDA uses a standardized system for evaluating its relatively homogeneous positions and managers have been trained in and are involved in the application of this system, thus ensuring a certain amount of job/pay equity within ERDA. From this and other examples, it appears that a decentralized system can work satisfactorily in some organizations if systematic position standards have been developed and managers understand those standards and are willing to devote time to their application."

Comment:

As noted earlier, the results of decentralization in other agencies have ranged from unsatisfactory to disastrous in terms of maintaining agency-wide grade equity and controlling grade escalation. With reference to ERDA, it is correct that their classification system is decentralized and utilizes a Benchmark/Factor Evaluation and Standards program in their position classification process. ERDA's system was last revised in 1958, does not include benchmarks for all occupations and is considered by their management to need updating. At this time Benchmark/Factor Evaluation and Standards systems are valuable in facilitating the classification process and assure participation by

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substantive component officials in their formulation and application. The system by itself, however, by no means assures job/pay equity within an agency at large and requires a formal oversight mechanism to monitor its proper application in all elements of an organization. ERDA does not have such an oversight control element and no certainty that internal grade equity prevails. Although supervisors classify their own positions, there is no formalized manager training in classification. ERDA is currently planning to develop a five-day course for supervisors which will be administered by a training team visiting the field offices. The effectiveness of the ERDA system in terms of job/pay equity for comparable positions within the organization is questionable. We do not share the IG's view that "From this and other examples, it appears that a decentralized system can work satisfactorily." We are not cognizant of the "other examples" that they are referring to. We do agree, however, that the establishment of valid standards and management participation are necessary.

i. Pages G-13 and G-14, paras 20 and 21

"The Civil Service Commission is developing a position classification methodology called the Factor Ranking/Benchmark System . . . Those who are familiar with the system are enthusiastic over its potential and cite as its advantages that it is easy to understand (and) . . . is a more accurate way to grade positions . . . PMCD has established a separate Branch to develop this system for Agency use."

"The Inspection Team was impressed with the potential of this system and urges the early development and use of an Agency version to improve both position classification and communication on that subject between PMCD and components."

Comment:

As noted, PMCD has already realigned its organization and staff assignments to develop the Federal Factor Ranking/Benchmark System for application within the Agency. The Civil Service Commission is charged with developing the primary guidance for this Government-wide system through the Job Evaluation Policy Act of 1970. In this statute it is stated that "Title II - Statement of Policy, Sec 201: It is the sense of Congress that -

"(1) the executive branch shall, in the interest of equity, efficiency, and good administration, operate under a coordinated job evaluation and ranking system for all civilian positions, to the greatest extent practicable;

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"(2) the system shall be designed so as to utilize such methods of job evaluation and ranking as are appropriate for use in the executive branch, taking into account the various occupational categories of positions therein; and

"(3) the United States Civil Service Commission shall be authorized to exercise general supervision and control over such a system."

We support the IG's views that our efforts on this system be continued.

j. Page G-14, page 14.

"Although most authority in CIA is delegated to the Deputy Directors who supervise the four semi-autonomous Directorates, the Agency must operate as a single organization in its relations with the rest of Government, including its conformance with manning and staffing rules and restrictions. These require that job/pay equity be maintained and monitored throughout the Agency, not just within the Directorates . . . We question, however, whether the Director of Personnel needs to retain authentication control of official Staffing Complements."

Comment:

The "authentication control" of the Director of Personnel is synonymous with final approving authority for an action. The monitoring function to assure that job/pay equity is maintained throughout the Agency would require some form of final "authentication" authority if it is to be meaningful.

k. Page G-17, para 25.

". . . We also question the infallibility of PMCD's judgment. This is not intended as criticism of PMCD or its personnel. They are not and cannot be specialists in all the organizations or position fields they are analyzing; therefore, they will make errors in judgment and their decisions should be subject to review and; if necessary, reversal."

Comment:

PMCD has never claimed infallibility in its judgments. They are, however, professionally accountable in terms of developing the best possible data on which they render judgments. More participation

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and input by knowledgeable substantive officials is essential and necessary in the position adjudication effort. A formal appeal mechanism for final review and decision of unresolved disagreements should be installed.

1. Pages G-18 through G-21, paras 27, 29 and 31.

"The main problem with the Director of Personnel/DDA appeal route lies in the number and complexities of the disputes. Effective and equitable resolution of them all would require amounts of job knowledge, position classification knowledge and study time that are simply not available to those with the high level of authority and respect needed to impose an undesired solution on a Deputy Director. Creation of an appeal authority outside the four Directorates . . . would face the same set of problems."

"We conclude that there are only two solutions available. The present system, lacking real enforcement authority, can be continued and probably be improved . . . but . . . most of the fundamental problems would remain. The other choice is . . . to make the Deputy Directors the appeal and decision authority, while preserving the Director of Personnel's capability and responsibility for monitoring their actions."

"No proof can be offered that the outcome of the shift in authority described above will be good, bad or indifferent. We are persuaded, however, that the risks of serious degradation are not great . . . and return to the present system should be possible if we are proven wrong."

Comment:

In the course of any given year, several hundreds of positions are surveyed and adjudicated without serious disagreement between PMCD and the operating officials concerned. There are nonetheless some honest differences of opinion which cannot easily be resolved. Many such "issues" originate from the operating manager's view that PMCD is intruding in his area of authority and has no "right" to render opinions let alone judgments on these matters. These managers are strong advocates of decentralization of classification authority to their jurisdiction.

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The IG maintains that "creation of an appeal authority outside the four Directorates" would not resolve the inherent problems, and concludes that "there are only two solutions available." It is worth noting that the Executive Director in the 1960's acted as just such an outside appeal authority and decided on solutions to any problems with great success. In any case, the Office of Personnel believes a "third" alternative must be established that will assure maximum objectivity for the Agency's position management and classification function; provide for more extensive substantive office participation in arriving at judgments, and finally, provide a formal and impartial appeal mechanism to resolve differences.

Organizations that have experimented with decentralization of the position classification function have experienced serious problems as regards deteriorating job/pay equity and grade escalation. A return to the present system does not easily or quickly correct the damage done.

m. Pages G-21 and G-22, paras 32, 34, and 35.

"Headquarters Notice [ ] 7 January 1972, established the Position Survey Program with the aim of scheduling and conducting position and manpower utilization surveys in all components with the objective of achieving complete coverage of the Agency each three years. PMCD is charged with conducting the Position Survey Program."

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"Most component managers are extremely critical of the PMCD periodic survey program, however."

"One often-mentioned problem is that PMCD's manning and priority system does not permit an early response to a request for a reorganization-generated survey, or rapid accomplishment of the survey after it starts."

Comment:

The criticism cited by the IG are valid in terms of early response or rapid accomplishment of the surveys after they have been started. PMCD staffing authorization simply has been inadequate in terms of the scope of requirements imposed. Additional allowances have been reallocated within the Office of Personnel's limited ceiling to permit additional staffing in PMCD. Augmentation from the Directorate would further assist to remedy this and other concerns.

n. Pages G-24 and G-25, para 38a.

"Unresolved differences with PMCD periodic survey findings are sometimes never formally settled . . .

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Therefore, we believe the expenditure of three-six months of component and PMCD efforts at three year intervals for periodic position surveys to be excessive when compared with the specific end results achieved."

"We believe that static organizations should be subject to . . . reviews . . . but at intervals considerably longer than three years."

Comment:

It is true that unresolved differences are sometimes never settled. Here again, a formal appeals mechanism would eliminate unresolved differences. Nevertheless, in almost every survey the large majority of existing grade allocations are reaffirmed by PMCD. This, to a considerable degree, insures that position grade equity is being maintained throughout the Agency. We agree, however, that certain organizations need not be surveyed as frequently as others.

5. Specific Response to IG Conclusions (Tab G, Pages G-26 through G-30)

The conclusions (Conclusions G-1 through G-7) are incorporated in the IG's Recommendations Nos. 7, 8 and 9. Our comments will be addressed to the recommendations.

6. Recommendation No. 7 (Tab G - Page G-30)

"That the DCI delegate to the Deputy Directors authority to authenticate staffing complements, requiring them to consider PMCD recommendations on position grades before effecting changes and to exercise this authority within their allocations of staff manpower ceilings, senior slots and average grade."

Comment:

In their survey of the PMCD function, the Inspection Team reached a conclusion that only two viable solutions are available - reaffirmation of the current system (with continued effort to improve effectiveness) - an option which they reject as lacking real enforcement authority, and the option contained in this specific recommendation that the authority to approve position structures and grade levels be delegated to the Deputy Directors within only the constraints of their manpower ceilings, senior slots and average grade. It is worth noting that [redacted], after an extensive and in-depth study of

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the PMCD role and function, arrived at quite different conclusions and recommendations. (See attached copy of the summary of this report submitted by [ ] in September 1975. - Attachment #1)

We believe that reaffirmation of the present system, as currently constituted - even with some improvement - is not the solution in meeting the needs of the Agency in today's environment but we also foresee different but comparable problems were the Agency to adopt the IG's preferred option cited in their Recommendation No. 7. We have strong convictions that the needs and best interests of the Agency at large would be best served in a third alternative approach and propose the following recommendations:

- a. That the Director of Personnel continue to retain responsibility for conducting the position management and classification function and basic authentication authority for staffing complements.
- b. That the Deputy Directors and Heads of Independent Offices, or a designated senior officer within their components, meet with and jointly review and discuss with the Director of Personnel any unresolved differences pertinent to PMCD findings and/or recommendations prior to final authentication of those portions of the staffing complements involved.
- c. That any unresolved differences between a Deputy Director or Head of Independent Office and the Director of Personnel be fully documented and referred by the Director of Personnel, together with all pertinent documents, to the Deputy Director of Central Intelligence for final decision.
- d. That the regular staff of PMCD be augmented with the rotation of an officer, grade GS-13/14 level, selected by each of the four Deputy Directors and a representative from the DCI Group, for a two-year tour with PMCD to participate in position management and classification surveys of components within his parent Directorate.
- e. That the Director of Personnel establish an Agency position management and classification orientation program to educate management at all levels as to the objectives and responsibilities of this essential element of personnel management. (NOTE: This is in addition to our concurrence relative to the IG's Recommendation No. 10.)

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7. Recommendation No. 8 (Tab G - Page G-31)

"That the Director of Personnel monitor Directorate and DCI Area adherence to their allocations and to job/pay equity and recommend appropriate DCI action in cases where he cannot resolve differences with the Deputy Director concerned."

Comment:

We agree that the Director of Personnel retain monitoring responsibility but in the context of the alternative recommendations we have made in our response to Recommendation No. 7.

8. Recommendation No. 9 (Tab G - Page G-31)

"That the Director of Personnel revise PMCD procedures, position surveys, scheduling, and manpower as indicated in Conclusions G-3 through G-7 above."

a. Conclusion G-3:

In the area of position grade evaluations, PMCD should:

- (a) Develop and maintain standards for position evaluation use.
- (b) Participate in and advise on all position evaluation use.
- (c) Insure that unresolved differences with component managers over position evaluations are brought to the responsible Deputy Directors for decision.
- (d) Inform the Director of Personnel in cases when, in the opinion of PMCD, decisions made by Deputy Directors conflict significantly with equal pay for equal work principles or established pay policies, e.g., pay scales for senior secretaries.

Comment:

Conclusions (a), (b) and (d) are consistent with current responsibilities of PMCD. As regards G-3(c), the recommendations proposed by the Director of Personnel in response to the IG's Recommendation No. 7 would insure that the Deputy Directors had the opportunity to discuss unresolved differences directly with the Director of Personnel and the institution of formal appeal to the DDCI for final decisions if necessary.

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b. Conclusion G-4:

With regard to staffing complements, PMCD, in collaboration with other Office of Personnel components, should:

- (a) Establish staffing complement formats.
- (b) Compile, produce and disseminate staffing complements authenticated by the Deputy Directors and produce and disseminate related management information reports.
- (c) Report to the Deputy Director concerned and to the Director of Personnel any non-trivial continuing instances when the totals of a Directorate's staffing complements exceed that Directorate's allocations of manning, senior slots or average grade.

Comment:

These conclusions essentially reflect current responsibility and procedures with the exception that staffing complements are not authenticated nor implemented without the prior approval of the component concerned.

c. Conclusion G-5:

PMCD's responsibility for conducting periodic position surveys should be modified. In this area:

- (a) PMCD should conduct periodic position surveys in components that have received little attention in conjunction with reorganizations for a period of about five years.
- (b) The Director of Personnel should initiate special PMCD position surveys in other cases where he has reason to believe that position classifications need revision.
- (c) Neither periodic nor special position surveys should be allowed to interfere with prompt and rapid service or reorganization or other more immediate needs for PMCD assistance.
- (d) During all surveys, PMCD should restrict its recommendations regarding the organization and management

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of component personnel to cases where organization or management is the dominant consideration in evaluating position grades.

- (e) PMCD should be permitted on its own initiative to audit positions in any component in order to obtain data needed to establish, maintain or improve position evaluation standards.

Comment:

We agree with conclusions (b), (c) and (e). As regards conclusion (a), retention of the current three year survey cycle is preferred over a five year cycle in terms of more timely recognition of the need for adjustments to the position structures, etc. The continuing press of ad hoc and priority special surveys and the need to address other priorities with a limited number of staffers in PMCD may temporarily require adaptation of the five year cycle as proposed by the IG. We are not in agreement with conclusion (d). In their surveys, PMCD's observations and recommendations relative to the organization and management within a component are directed at manpower resource considerations such as effective utilization of personnel, skill mix, duplication of work effort, clarification of supervisory channels, internal communications, and the like. This information is provided to component managers as "feedback" for his consideration in carrying out his managerial responsibilities. Feedback from the majority of managers of surveyed components last year indicated affirmative attitudes toward the usefulness of this type of information.

d. Conclusion G-6:

PMCD should accelerate the development and trial implementation of improved position evaluation standards and methods similar to the Factor/Benchmark system now being developed by CSC for Government-wide implementation by 1980. Full CSC development of its system should not be a prerequisite to development and trial implementation of an Agency version.

Comment:

We are in full agreement with this conclusion.

e. Conclusion G-7:

The Director of Personnel should review and alter the organization of and manpower authorized for PMCD as necessary to meet its revised mission.

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- (a) It is important to note that PMCD manning must permit prompt and rapid service of component needs.
- (b) A program of rotating Office of Personnel people with experience as component support officers through 3-5 year PMCD tours, and of rotating PMCD professionals through component support officer tours, would provide a valuable experience base.
- (c) Rotating personnel from other Agency components through PMCD tours would contribute more specific component knowledge and would be useful if the tours can be long enough for the rotating personnel to develop and use job classification expertise.

Comment:

We agree that PMCD manning must permit prompt and rapid service. With respect to the rotation of Office of Personnel people in and out of PMCD, this practice is already being followed to some extent. The rotation of officers from other Agency components is strongly supported by the Office of Personnel.

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